

GILLESPIE FIELD DEVELOPMENT COUNCIL  
May 15, 2007

AGENDA ITEM # 8

Gillespie Field Partners, Inc.  
Proposed New Aviation Lease

Gillespie Field Partners conducts an aircraft storage business at Gillespie Field. The lease was originally issued to Rollforming, Inc. and approved by the County Board of Supervisors on February 22, 1977. It was assigned to Gillespie Field Partners on September 24, 1980. The leasehold has been amended five times to update lease language and revise the rent.

PROPOSAL

Proposed New Aviation Lease for Gillespie Field Partners Inc. (Contract No 11280R).

Parcel - The size of the premises will be approximately 6.08 acres.

Rent – County and Gillespie Field Partners have agreed that the starting rental rate based on the current schedule for existing leases at Gillespie Field of \$500.00 per acre per month x acreage (6.08) for a monthly rent of \$3,040.00 . The contract will provide for periodic Cost of Living Adjustments and Rental Rate Renegotiations. Beginning in 2010 rent will be determined by the standard negotiated rent clause.

Term - The lease will have a term of 30 years, commencing on October 1, 2007 and terminating September 30, 2037.

Required Leasehold Improvements - Gillespie Field Partner's planned improvements will be include paving improvements of \$127,000, removal of the ends of hangars for to comply with Building Restriction Line (BRL) of \$125,000, landscape replacement of \$50,000, and additional building improvements of \$100,000. In addition to these required improvements, the Lessee plans construction of up to 5 additional hangars based on market demand. Site plans for additional hangars will be brought to your Council prior to County's approval.

Equity - Lessee will pay an additional equity payment of \$1,102,530 to the County for the postponement of the reversionary interest in the leasehold improvements. It will be amortized over 15 years at monthly payments of \$11,099.35.

FAA Requirements - Some of the buildings on Gillespie Field Partner's current leasehold do not meet current Building Restriction Line (BRL) requirements. The realignment of the western end of the existing hangar buildings will need to be brought into compliance with the Runway 17/35 Building Restriction Line within 2

years of the lease commencement date. The new lease will provide for a 3-year period from the commencement date of the proposed new lease for any other required improvements to be constructed.

New Lease Form - The new lease will be on the County's new standard aviation lease form, which includes all the current updated language approved by County Counsel.

#### RECOMMENDATION

Staff recommends that the Council adopt the following motion with respect to the proposed transactions.

*MOTION – "It is recommended that the Board of Supervisors approve the proposed New Thirty Year Aviation Lease with Gillespie Field Partners, Inc., as recommended by staff."*

